

chapter 1

Commissioner's Foreword



It is my honour to succeed Mr TAM Tai-pang as the Commissioner and report the 2024-25 Annual Report of the Inland Revenue Department.

In the year 2024-25, the total revenue collected by the Department was \$374.5 billion which represents an increase of \$32.5 billion or 9.5% as compared with the previous year. The increase mainly came from profits tax, salaries tax and stamp duty for stock transactions.

Hong Kong's moderate economic growth resulted in a 4.2% increase in profits tax collection. The reduction in the maximum amount of tax reduction for the year of

assessment 2023-24, combined with continued wages and earnings growth, contributed to a rise of 11.3% in salaries tax collection. Whilst the residential property market remained subdued in 2024, the local stock market experienced a strong rebound in the year leading to an overall upsurge of 30.1% in stamp duty collection.

To implement various tax measures proposed in the 2023 Policy Address and the 2024-25 Budget, the following amendment bills were enacted during 2024-25:

- The Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Ordinance 2024 implemented, among others, a two-tiered standard rates regime for salaries tax and tax under personal assessment, and to increase the deduction ceiling amounts for home loan interest and domestic rents for eligible taxpayers with new born children.
- The Inland Revenue (Amendment) (Tax Concessions for Intellectual Property Income) Ordinance 2024 provided tax concessions for qualifying profits sourced in Hong Kong and derived from eligible intellectual properties created through research and development activities.

- The Stamp Duty Legislation (Miscellaneous Amendments) Ordinance 2024 waived the stamp duty payable on the transfer of shares or units of real estate investment trusts and on transactions amounting to jobbing business of options market makers.
- The Inland Revenue (Amendment) (Tax Deductions for Leased Premises Reinstatement and Allowances for Buildings and Structures) Ordinance 2024 introduced a deduction for expenses incurred for reinstating the condition of leased premises to their original condition under profits tax, and removed the time limit for claiming annual allowances in respect of industrial/commercial buildings or structures.
- The Inland Revenue (Amendment) (Tax Deductions for Assisted Reproductive Service Expenses) Ordinance 2025 introduced a deduction for assisted reproductive service expenses under salaries tax and personal assessment.

With a view to easing the burden of buyers of residential and non-residential properties at lower values, the maximum value of properties chargeable to \$100 stamp duty are raised from \$3 million to \$4 million with effect from February 26, 2025 as announced in the 2025-26 Budget. The Stamp Duty (Amendment) Ordinance 2025 was enacted in May 2025 to give effect to the proposal.

In order to fulfil Hong Kong's international obligation to tackle cross-border tax evasion and safeguard our taxing rights, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 was enacted to implement the global minimum tax in accordance with the Base Erosion and Profit Shifting (BEPS) 2.0 framework promulgated by the Organisation for Economic Co-operation and Development, and a related Hong Kong minimum top-up tax from 2025 onwards.

In 2024-25, Hong Kong has continued the efforts to expand its tax treaty network, and entered into tax treaties with Armenia and Türkiye. Besides, Hong Kong conducted negotiations of tax treaties with Venezuela, Rwanda, Barbados and completed the second round of negotiations with Kyrgyzstan. As at 31 March 2025, Hong Kong has signed comprehensive avoidance of double taxation agreements/arrangements with 51 jurisdictions. Hong Kong will continue to engage other tax jurisdictions in negotiating comprehensive avoidance of double taxation agreements so as to expand the tax treaty network.

The 5th Belt and Road Initiative Tax Administration Cooperation Forum (BRITACOF) was hosted by the Department at the AsiaWorld-Expo from 24 to 26 September 2024. It is the first time that Hong Kong has hosted this annual mega event in the international tax community. The 5th BRITACOF is particularly meaningful as it was the largest event ever hosted by the Department since its establishment. The 5th BRITACOF



attracted about 500 tax officials, tax experts, as well as representatives from international organisations, academic institutions and enterprises from nearly 50 countries and regions to discuss emerging tax issues and exchange tax administration experiences under the theme “Deepening Tax Administration Cooperation for High-Quality Belt and Road Development”. The exchange of tax administration experiences has deepened relations among countries and regions, contributing to the high-quality Belt and Road development. Hong Kong also took the opportunity of the 5th BRITACOF to deepen tax co-operation within the Guangdong-Hong Kong-Macao Greater Bay Area and facilitates Hong Kong’s active integration into the overall national development.

The year 2024-25 was a busy and fulfilling one. In addition to handling tax assessment and collection matters, my colleagues devoted their efforts to organising the 5th BRITACOF, which was successfully held. At the same time, my colleagues also carried out various preparatory works for the implementation of the BEPS 2.0 and the New Tax Portals launched in July 2025. I wish to express my hearty thanks to my colleagues for their dedication and hard work in achieving various goals. As we always do, we are committed to facing challenges with professionalism and positive attitude and providing high-quality services to the public.

CHAN Sze-wai, Benjamin

Commissioner of Inland Revenue